

FREUND CORPORATION

Selected by the Japanese Ministry of Economy, Trade
and Industry as a Global Niche Top 100 Company



(Securities code: 6312)

Results of Operations for the First Half of the Fiscal Year Ending February 28, 2019 (FY2/19)

October 18, 2018



2017 Award for Excellence in
Corporate Disclosure
-Emerging Markets-



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Consolidated Financial Summary for 1H of FY2/19



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Consolidated Financial Summary

- Machinery segment sales and earnings decreased because some generic drug machinery sales were moved up to FY2/18 and because the majority of overseas machinery sales and earnings are usually in the second half
- Operating profit in the chemicals business increased 32% due to sales growth
- Machinery orders recovered mainly in Japan

(Millions of yen)

	FY2/18 1H	FY2/19 1H	YoY change	
	Actual	Actual	Amount	%
Net sales	9,789	9,117	(671)	(6.9)%
Operating profit	1,074	592	(481)	(44.8)%
Ordinary profit	1,091	684	(407)	(37.3)%
Profit	734	466	(268)	(36.5)%
Earnings per share (yen)	42.59	27.6	(14.99)	(35.2)%
Orders received	6,206	6,910	+704	+11.4%
Order backlog	7,559	6,421	(1,137)	(15.1)%
Capital investment	161	243	+81	+50.7%
Depreciation	171	162	(9)	(5.4)%
R&D expenses	425	407	(17)	(4.2)%
ROA	3.8%	2.7%	-	-
ROE	5.9%	3.6%	-	-

Machinery Business: Overview

● Sales by Product Field

- ❑ Pharmaceutical products: Sales decreased year on year but orders increased in Japan and overseas
- ❑ Industrial products: Interest among prospective customers in lithium-ion battery production machinery but no firm orders

● Segment Profit

- ❑ Lower profit partially because FY2/18 profitability benefited from large projects in Europe with a high margin

(Millions of yen)

	FY2/18 1H		FY2/19 1H	
	Amount	YoY change(%)	Amount	YoY change(%)
Net sales	7,171	+25.9	6,145	(14.3)
Pharmaceutical Products	6,132	+34.5	5,163	(15.8)
Industrial Products	1,039	(8.7)	981	(5.5)
Operating profit	868	+53.1	291	(66.5)
Orders received	5,984	(28.8)	6,518	+8.9
Pharmaceutical Products	4,970	(31.1)	5,514	+11.0
Industrial Products	1,014	(14.9)	1,003	(1.1)
Order backlog	7,465	(23.6)	6,233	(16.5)
Pharmaceutical Products	6,605	(24.7)	5,353	(19.0)
Industrial Products	860	(13.2)	880	+2.3
Yen/dollar rate (+ is yen depreciation)	111.4	-0.3 yen/dollar	109.3	-2.1 yen/dollar

Machinery Business: Group Company Performance

- Freund Corporation: About the same level as FY2/18, excluding the large projects in Europe in FY2/18
- Freund-Vector: Received a large project in Brazil in July
- Freund-Turbo: Large volume of orders in Japan for industrial machinery

(Millions of yen)

	FY2/18 1H		FY2/19 1H	
	Amount	YoY change(%)	Amount	YoY change(%)
Net sales	7,171	+25.9	6,145	(14.3)
FREUND CORPORATION	4,775	+19.7	4,261	(10.8)
FREUND-VECTOR	1,884	+50.3	1,302	(30.9)
FREUND-TURBO	783	+11.0	817	+4.2
Operating profit	868	+53.1	291	(66.5)
FREUND-VECTOR	(42)	+196.6	(137)	+226.4
FREUND-TURBO	66	+53.0	(49)	(174.2)
Orders received	5,984	(28.8)	6,518	+8.9
FREUND CORPORATION	3,838	(28.4)	3,591	(6.4)
FREUND-VECTOR	1,450	(46.1)	2,189	+51.0
FREUND-TURBO	695	+95.1	737	+5.9
Order backlog	7,465	(23.6)	6,233	(16.5)
FREUND CORPORATION	5,703	(17.6)	3,463	(39.3)
FREUND-VECTOR	1,179	(55.2)	2,147	+82.1
FREUND-TURBO	582	+176.4	622	+6.9

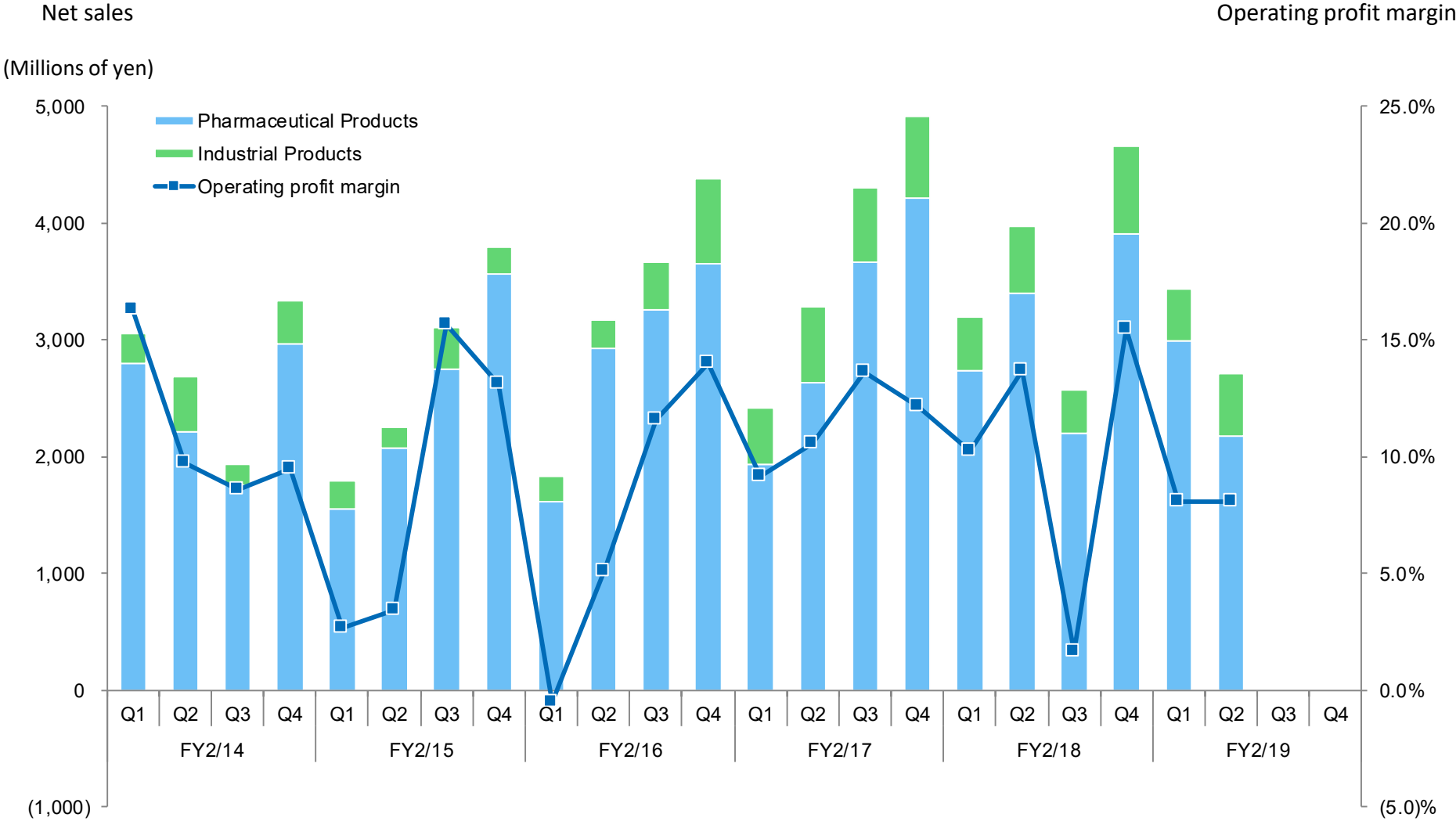
Machinery Business: Sales by Region

- Japan: Negative effect of generic drug machinery sales timing was offset partly by strength of non-pharmaceutical products
- North America: Sales remained largely unchanged YoY
- Europe: Sales down because large projects raised sales in FY2/18
- Asia: Strong sales in India and China

(Millions of yen)

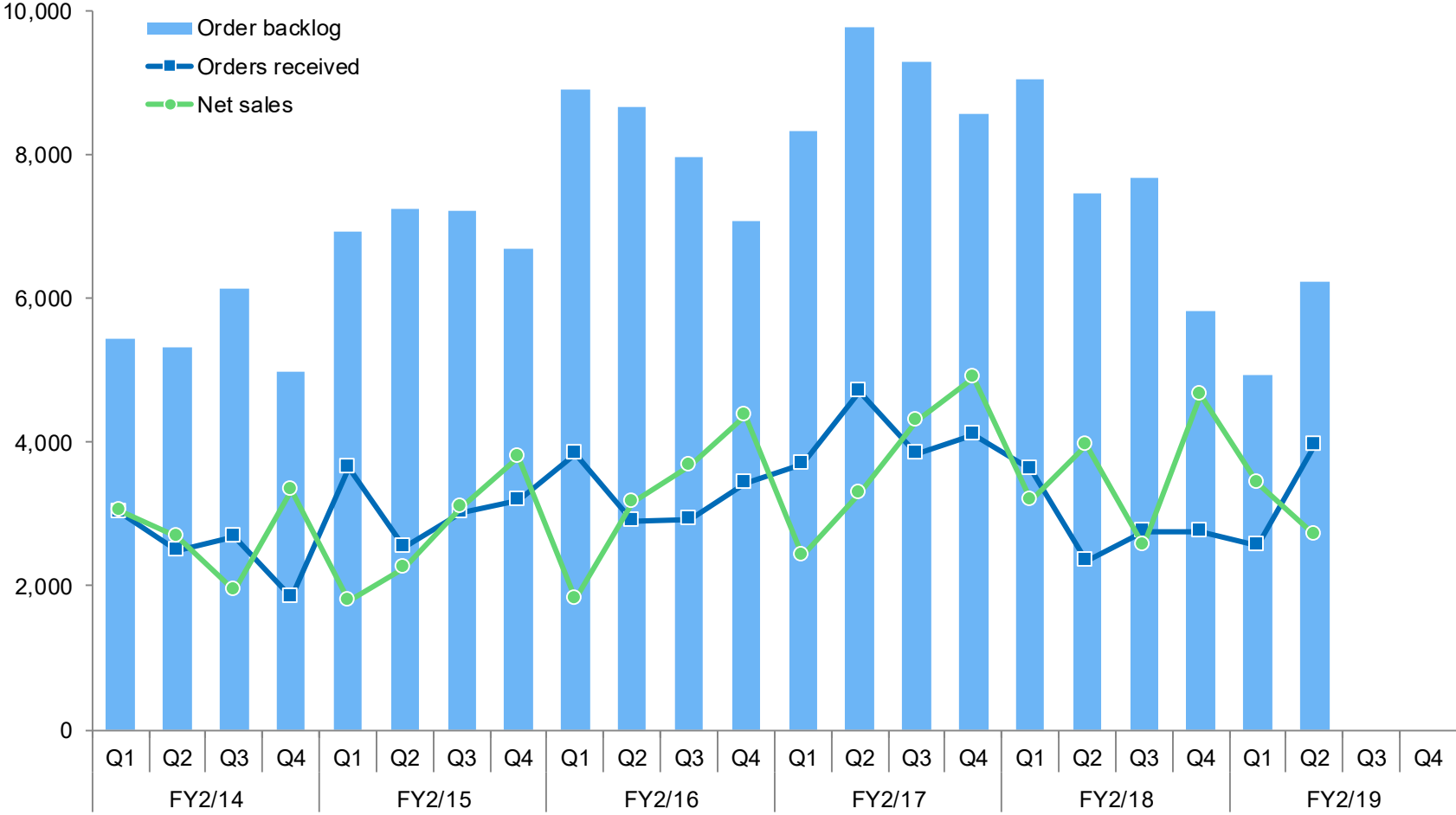
	FY2/18 1H		FY2/19 1H	
	Amount	YoY change(%)	Amount	YoY change(%)
Net sales	7,171	+25.9%	6,145	(14.3)%
Japan	4,559	+8.7%	4,352	(4.5)%
Overseas	2,612	+73.8%	1,793	(31.4)%
North and South Americas	1,119	+1.4%	1,007	(10.0)%
Europe and Africa	1,018	+286.3%	141	(86.1)%
Middle East, Asia and Pacific	473	+251.8%	643	+35.8%

Machinery Business: Quarterly Results (by Product Field)



Machinery Business: Quarterly Results (Net sales/Orders received/Order backlog)

(Millions of yen)



Chemicals Business: Overview

- Net Sales

- ❑ Pharmaceutical excipients: Up 25% due to higher sales to current generic drug customers and many overseas activities for growth
 - ❑ Food preservatives: Higher sales to current customers and progress with growth outside Japan
 - ❑ Export: Higher sales backed by the establishment of a supply infrastructure to meet increasing demand in India

- Segment Profit

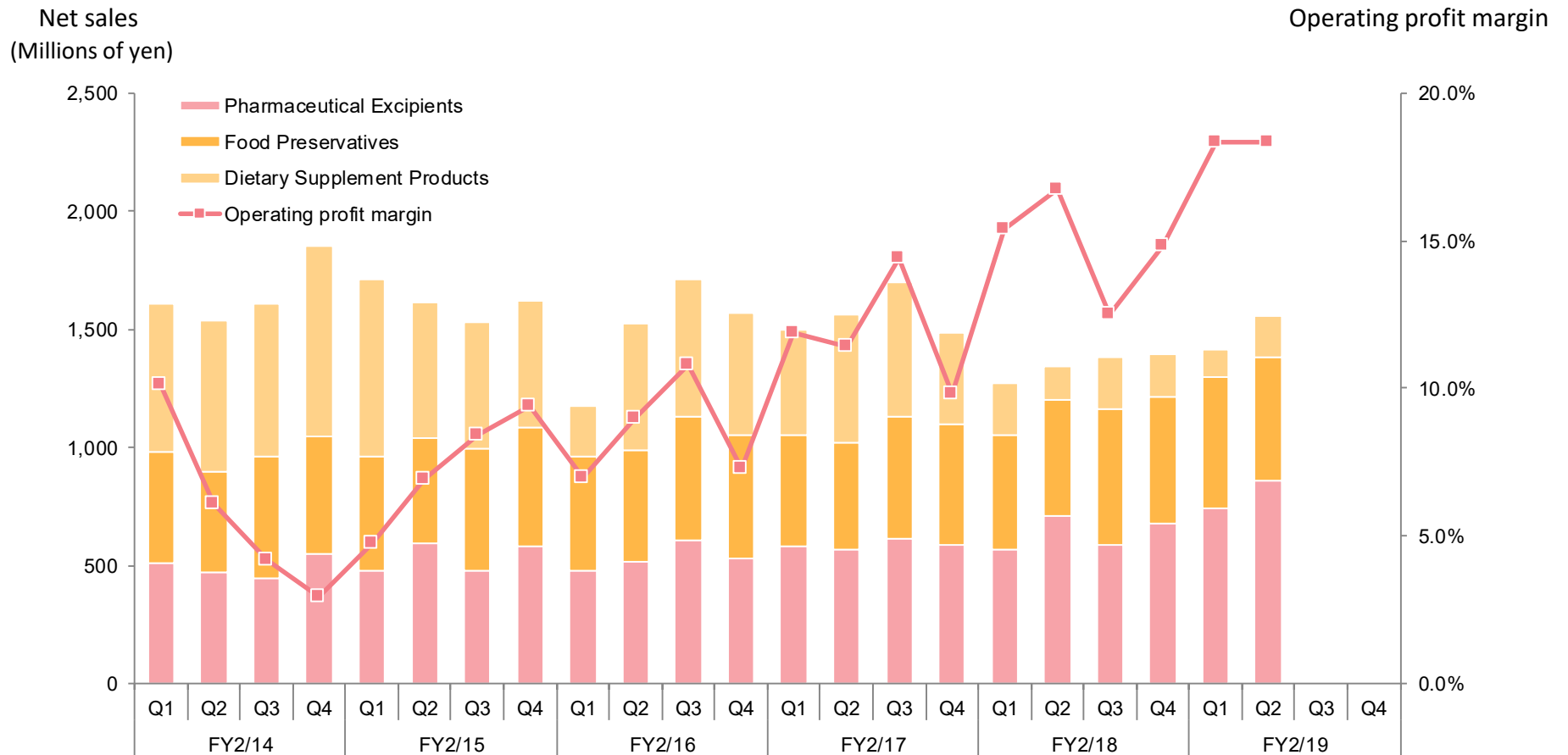
Increased 32% due to sales growth

(Millions of yen)

	FY2/18 1H		FY2/19 1H	
	Amount	YoY change(%)	Amount	YoY change(%)
Net sales	2,617	(14.6)	2,971	+13.5
Pharmaceutical Excipients	1,280	+11.3	1,603	+25.3
Food Preservatives	980	+5.8	1079	+10.1
Dietary Supplement Products	356	(63.9)	287	(19.3)
(Export sales)	187	+263.6	233	+24.7
Operating profit	420	+17.9	556	+32.1

Chemicals Business: Quarterly Results (by Product Field)

- Sales growth continued due to an increase in sales volumes
- Strong sales of pharmaceutical excipients in Japan and overseas
- Operating profit margin continued to recover



Summary of Consolidated Statement of Income

(Millions of yen)

	FY2/18 1H		FY2/19 1H		YoY change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	%
Net sales	9,789	100.0%	9,117	100.0%	(671)	(6.9)%
Cost of sales	6,317	64.5%	6,100	66.9%	(216)	(3.4)%
Gross profit	3,471	35.5%	3,016	33.1%	(455)	(13.1)%
SG&A expenses	2,397	24.5%	2,423	26.6%	+26	+1.1%
Operation profit	1,074	11.0%	592	6.5%	(481)	(44.8)%
Non-operating income and expenses	17	0.2%	91	1.0%	+74	+433.8%
Ordinary profit	1,091	11.2%	684	7.5%	(407)	(37.3)%
Extraordinary income and losses	(1)	-0.0%	21	0.2%	+23	-
Profit before income taxes	1,089	11.1%	705	7.7%	(383)	(35.2)%
Profit	734	7.5%	466	5.1%	(268)	(36.5)%

Non-operating income and expenses

- Non-operating income → 68
- Non-operating expenses → (6)

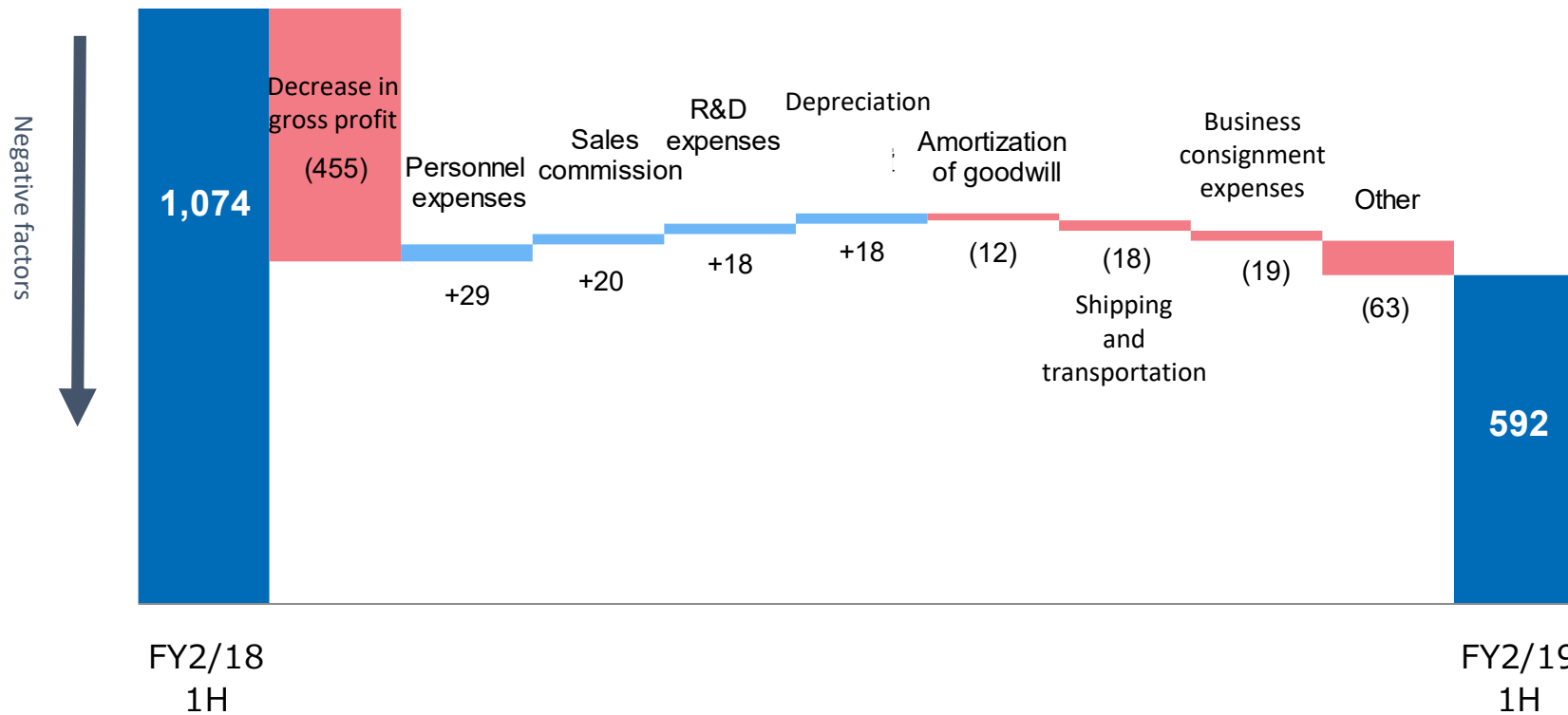
Extraordinary income and losses

- Gain on redemption of investment securities → 23
- Loss on retirement of non-current assets → (2)

Change in Consolidated Operating Profit

- Earnings decreased due to high-margin projects in Europe in FY2/18 and timing of sales recognition
- SG&A expenses unchanged as there were no significant one-time items

(Millions of yen)



Summary of Consolidated Balance Sheet

	(Millions of yen)		
	FY2/18-End	Q2 FY2/19-End	YoY change Amount
Current assets	14,784	12,991	(1,793)
Cash and deposits	6,568	5,245	(1,322)
Accounts receivable ^{*1}	4,451	4,377	(74)
Inventories	3,185	2,802	(383)
Non-current assets	4,341	4,493	+152
Property, plant and equipment	3,370	3,554	+183
Intangible assets	102	91	(11)
Investments and other assets	868	847	(20)
Total assets	19,125	17,484	(1,641)
Current liabilities	5,564	4,312	(1,252)
Accounts payable ^{*1}	2,823	2,142	(681)
Advances received	1,498	940	(558)
Non-current liabilities	318	319	+1
Net defined benefit liability	200	198	(1)
Total liabilities	5,883	4,632	(1,251)
Total net assets	13,242	12,852	(389)

Inventories ¥(383) million

- Merchandise and finished goods +102
- Work in process (525)
- Raw materials and supplies +38

Property, plant and equipment

- Buildings and structures +14
- Construction in progress +54
- Other +68

Intangible assets

- Goodwill (12)
- Software +1

*1: Includes electronically recorded monetary claims-operating and obligations-operating

Summary of Consolidated Statement of Cash Flows

	(Millions of yen)	
	FY2/18 1H	FY2/19 1H
Cash flows from operating activities	(375)	(230)
Profit before income taxes	1,089	705
Depreciation	171	162
Decrease (increase) in notes and accounts receivable - trade	(632)	91
Decrease (increase) in inventories	(602)	338
Increase (decrease) in advances received	(113)	(573)
Increase (decrease) in notes and accounts payable - trade	306	(724)
Income taxes paid	(460)	(332)
Cash flows from investing activities	(224)	(190)
Purchase of property, plant and equipment	(228)	(205)
Cash flows from financing activities	(368)	(918)
Repayments of lease obligations	(24)	(3)
Cash dividends paid	(343)	(343)
Net increase (decrease) in cash and cash equivalents	(982)	(1,322)
Cash and cash equivalents at end of period	6,000	5,245
Free cash flow	(600)	(420)

Consolidated Earnings and Dividend Forecasts for FY2/19



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Summary of Consolidated Forecasts

- Forecast higher chemicals business sales and earnings to offset declines in the machinery business
- Goal is the same earnings as in FY2/18 by using extensive cost-control activities throughout the Freund Group

(Millions of yen)

	FY2/18 (Actual)			FY2/19 (Actual)		FY2/19 (Forecast)		YoY change	
	1H	2H	Full-Year	1H	Full-Year	Amount	%		
Net sales	9,789	10,012	19,801	9,117	20,000	+198	+1.0%		
Operating profit	1,074	896	1,971	592	1,900	(71)	(3.6)%		
Ordinary profit	1,091	902	1,994	684	1,900	(94)	(4.7)%		
Profit	734	743	1,477	466	1,350	(127)	(8.6)%		
Earnings per share (yen)	42.59	-	85.69	27.60	78.29	(7.40)	(8.6)%		
Capital investment	161	362	524	243	500	-	-		
Depreciation	171	173	344	162	300	-	-		
R&D expenses	425	437	862	407	750	-	-		

Summary of Segment Forecasts

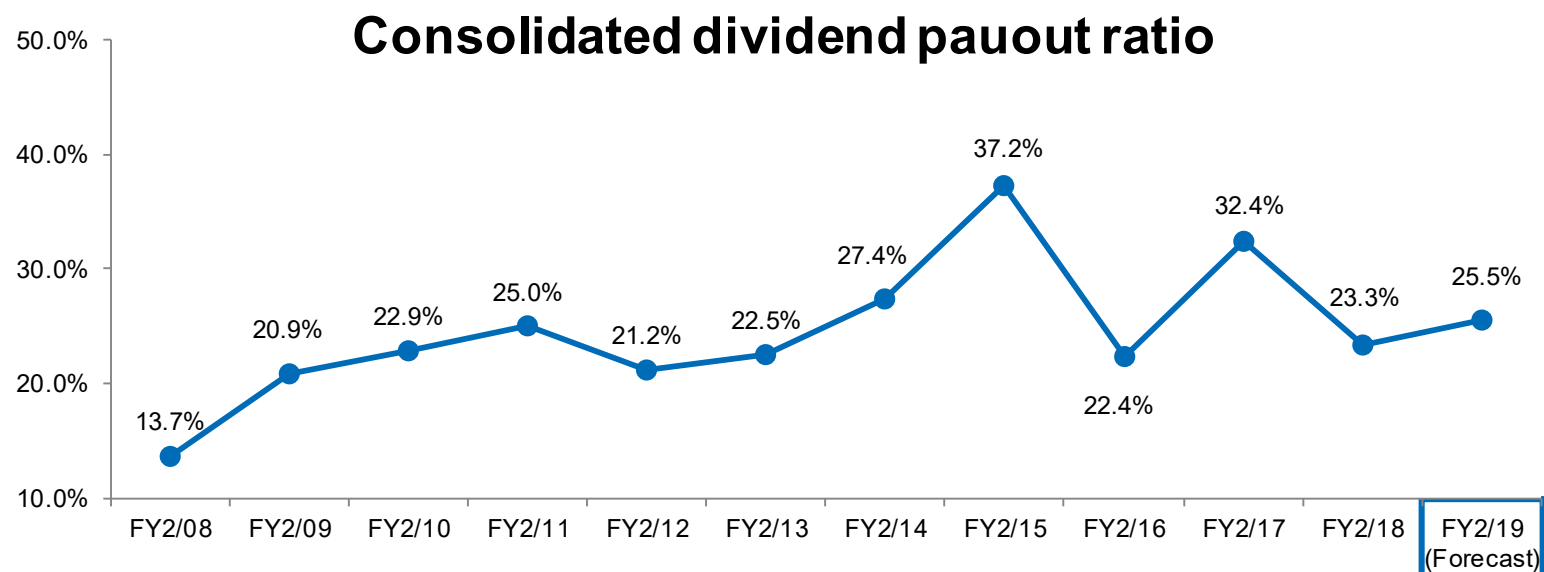
- Machinery: Progress generally as planned for deliveries in the second half, which is usually the majority of sales
- Chemicals: Goal is higher sales of pharmaceutical excipients in Japan and higher exports (to India)

(Millions of yen)

	FY2/18 (Actual)				FY2/19 (Actual)	FY2/19 (Forecast)		YoY change	
	1H	2H	Full-Year	Composition ratio (%)	1H	Full-Year	Composition ratio (%)	Amount	%
Consolidated net sales	9,789	10,012	19,801	100.0%	9,117	20,000	100.0%	+198	+1.0%
Machinery Business Segment	7,171	7,231	14,403	72.7%	6,145	14,000	70.0%	(403)	(2.8)%
Chemicals Business Segment	2,617	2,780	5,398	27.3%	2,971	6,000	30.0%	+601	+11.1%
Segment profit	1,074	896	1,971	100.0%	592	1,900	-	(71)	(3.6)%
Machinery Business Segment	868	762	1,631	82.8%	291	-	-	-	-
Chemicals Business Segment	420	380	801	40.6%	556	-	-	-	-
Adjustments	(215)	(246)	(461)	(23.4)%	(254)	-	-	-	-
Yen/dollar rate (+ is yen appreciation)	111.44	111.46	111.46	-	109.33	110.00	-	-	-

Summary of Dividend Forecasts

- Consolidated dividend payout ratio target is 30%
- Plan to pay a dividend of 20 yen per share



Profit (¥ million)	943	619	563	516	608	765	787	695	961	1,064	1,477	1,350
Dividend per share (yen)	7.5	7.5	7.5	7.5	7.5	10.0	12.5	15.0	12.5	20.0	20.0	20.0
Number of shares outstanding (Thousand shares)	4,600	4,600	9,200	9,200	9,200	9,200	9,200	9,200	9,200	18,400	18,400	18,400

Note: Freund conducted a 2-for-1 common stock split on June 1, 2009 and March 1, 2016.
The dividends per share for FY2/16 and earlier have been adjusted to reflect the stock split.

Major Goals and Progress Report for FY2/19



Major Goals for FY2/19

- Machinery

- ❑ Increase sales of the new product (tablet printer)
- ❑ Improve the profitability of Freund-Vector
- ❑ Target opportunities outside the pharmaceuticals market (nutritional supplements and other high-potential markets)
- ❑ Strengthen maintenance services
- ❑ Establish a sound base for the lithium-ion battery machinery business and strengthen activities to receive orders

- Chemicals

- ❑ Increase sales of excipients outside Japan
- ❑ Develop ink for tablet printers used overseas
- ❑ Prepare to start a CDO business
- ❑ Increase the efficiency of food preservative production

Machinery Business: Progress Report

- Orders from pharmaceutical companies in Japan bottomed out
- Freund-Vector is updating its laboratory equipment
- Increasing sales activities for machinery used in industries other than pharmaceuticals

Pharmaceuticals	
Receive orders for new product (1) tablet printer	△ Just started
Receive orders for new product (2) continuous production system	○ Producing benefits
Improve the profitability of Freund-Vector	△ Just started
Strengthen maintenance services	△ Just started

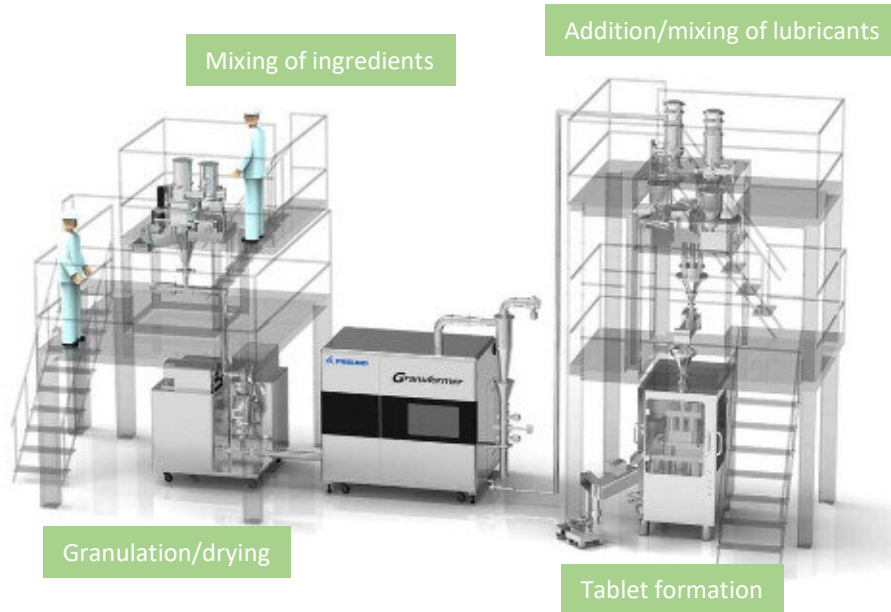
Manufacturing	
Target opportunities outside the pharmaceuticals market (nutritional supplements and other high-potential markets)	△ Just started
Establish a sound base for the lithium-ion battery machinery business and strengthen activities to receive orders and strengthen activities to receive orders	△ Just started

Machinery Business: Started Sales Activities for Continuous Production Systems Centered on Granuformers

- Received orders from major Japanese new drug manufacturers

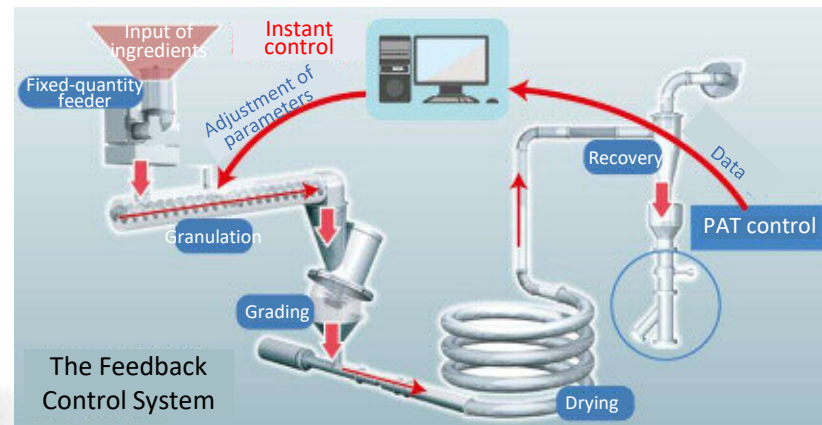
A shift from batch production to continuous production Outline of continuous production system

An integrated process flow encompassing the supply of ingredients, mixing, granulation, drying, addition of lubricants and final mixing, and tablet formation. Process analytical technology (PAT) is used to monitor the quality of every process.



Freund's innovative feedback control mechanism

Using PAT allows quickly generating quality data that enables the instant feedback control of process parameters. The result is consistent quality and no oversight of any items that must be supervised.



Chemicals Business: Progress Report

- Sales of pharmaceutical excipients steadily increased
- In the food preservative business, the new mixing equipment at the Hamamatsu factory started operating

Pharmaceutical excipients

Increase sales of excipients outside Japan	○ Producing benefits
Prepare to start a CDO business	△ Just started
Develop ink for tablet printers used overseas	△ Just started
Strengthen output capacity	○ Producing benefits
Increase efficiency of production equipment	△ Just started

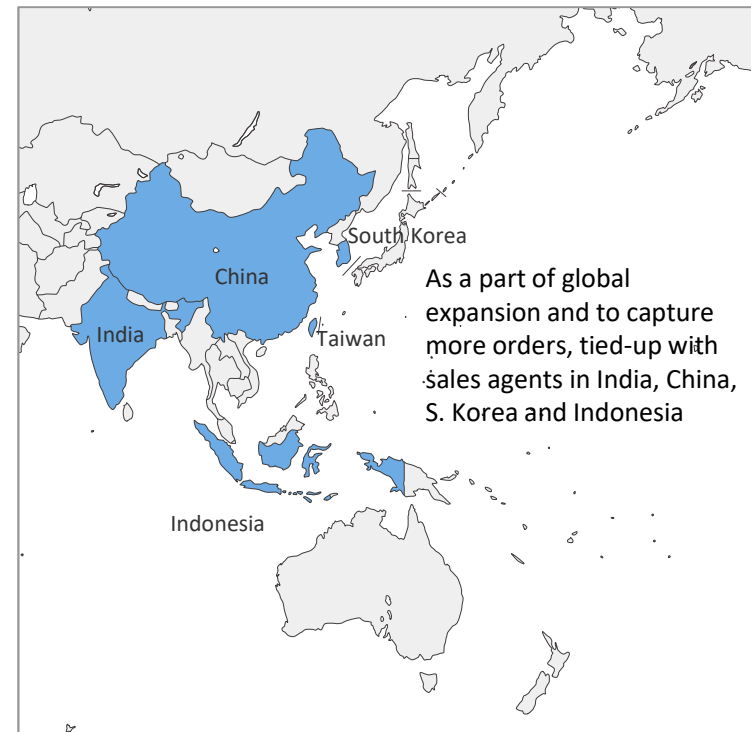
Food preservatives

Increase overseas sales of food preservatives	△ Just started
Start selling products in food sectors other than the confectionery category	△ Just started
Consider making water activity meters for overseas markets	△ Just started
Increase output capacity at the Hamamatsu factory	○ Producing benefits
Establish a quality management system	△ Just started

Chemicals Business: Global Growth for Pharmaceutical Excipients and Food Preservatives

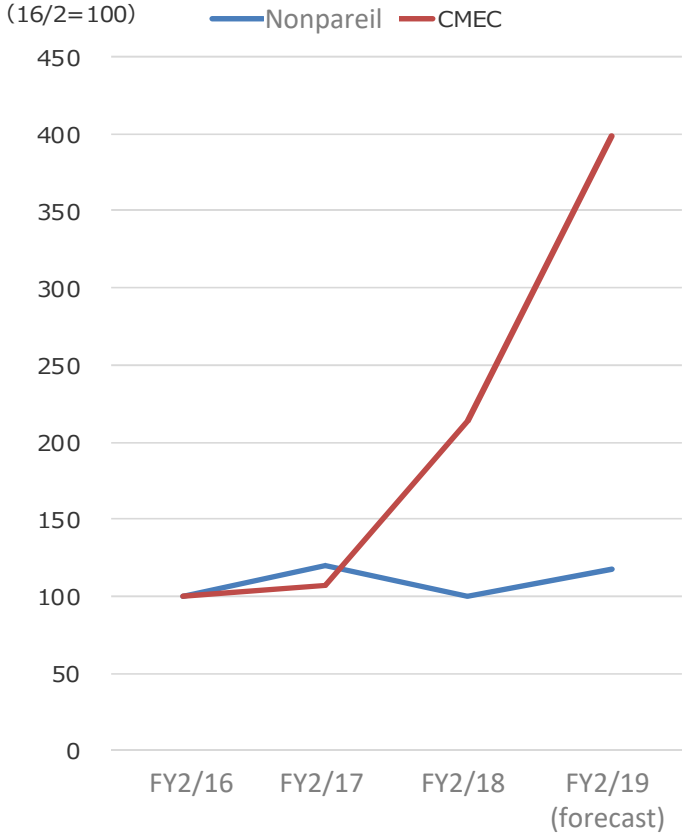
- Rapidly establish a network of sales agents in Asia
- Sales strategies
 - ▣ Pharmaceutical excipients
Build sales agent networks in India, China and the United States and hold seminars at companies that use Freund products
 - ▣ Food preservatives
Sales activities at companies that produce confectionery and bakery products sold at convenience stores in China, Taiwan and Thailand

India is one of the world's major producers of pharmaceuticals and China is expanding its pharmaceutical industry while tightening restrictions on low-quality pharmaceutical production. There is enormous potential for growth in both countries for machinery and pharmaceutical excipients.

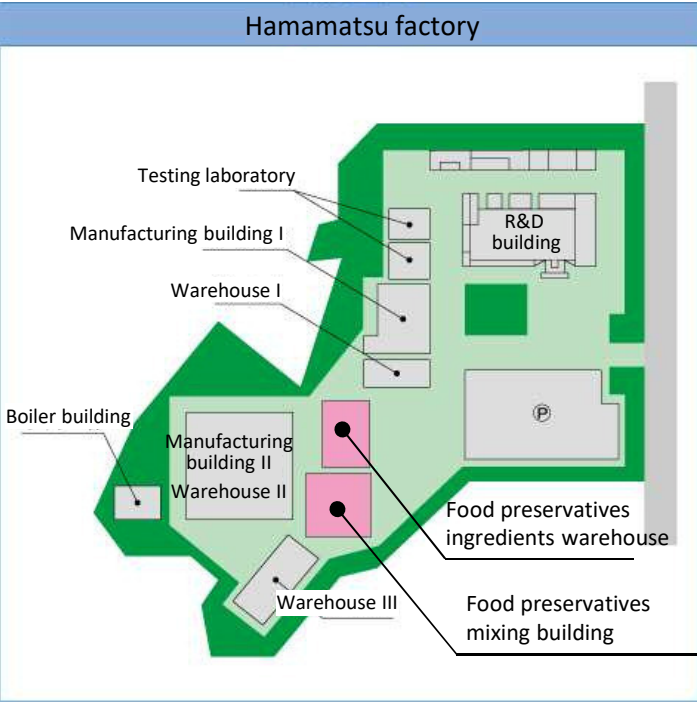


Increasing Output Capacity in the Chemicals Business

- Production volume of pharmaceutical excipients



- Strengthen output capacity of food preservatives



Topic

Antimold Receives a Japan Food Journal Award for Excellent Food Materials

- Award at the 21st Japan Food Journal Award for Excellent Food Materials recognizes Freund's outstanding expertise and technologies involving food safety

Antimold is the first food preservative developed by Freund. Freund started selling Antimold, its first food preservative product, in 1978. Antimold packets contain granulated gels of ethyl alcohol. This product is used by manufacturers of many types of food products, particularly confectionery and bakery products.

Cumulative worldwide sales of more than 10 billion as Antimold reaches its 40th anniversary

Demand for packaging food in individual portions is increasing as a way to reduce the volume of food products that must be discarded. Japan's aging population is also contributing to this demand. Freund is responding by increasing production of food preservative products and taking other actions.

Freund food preservatives



Antimold



Negamold series



Freund receives a Japan Food Journal Award for Excellent Food Materials for Antimold



(Supplementary Materials)

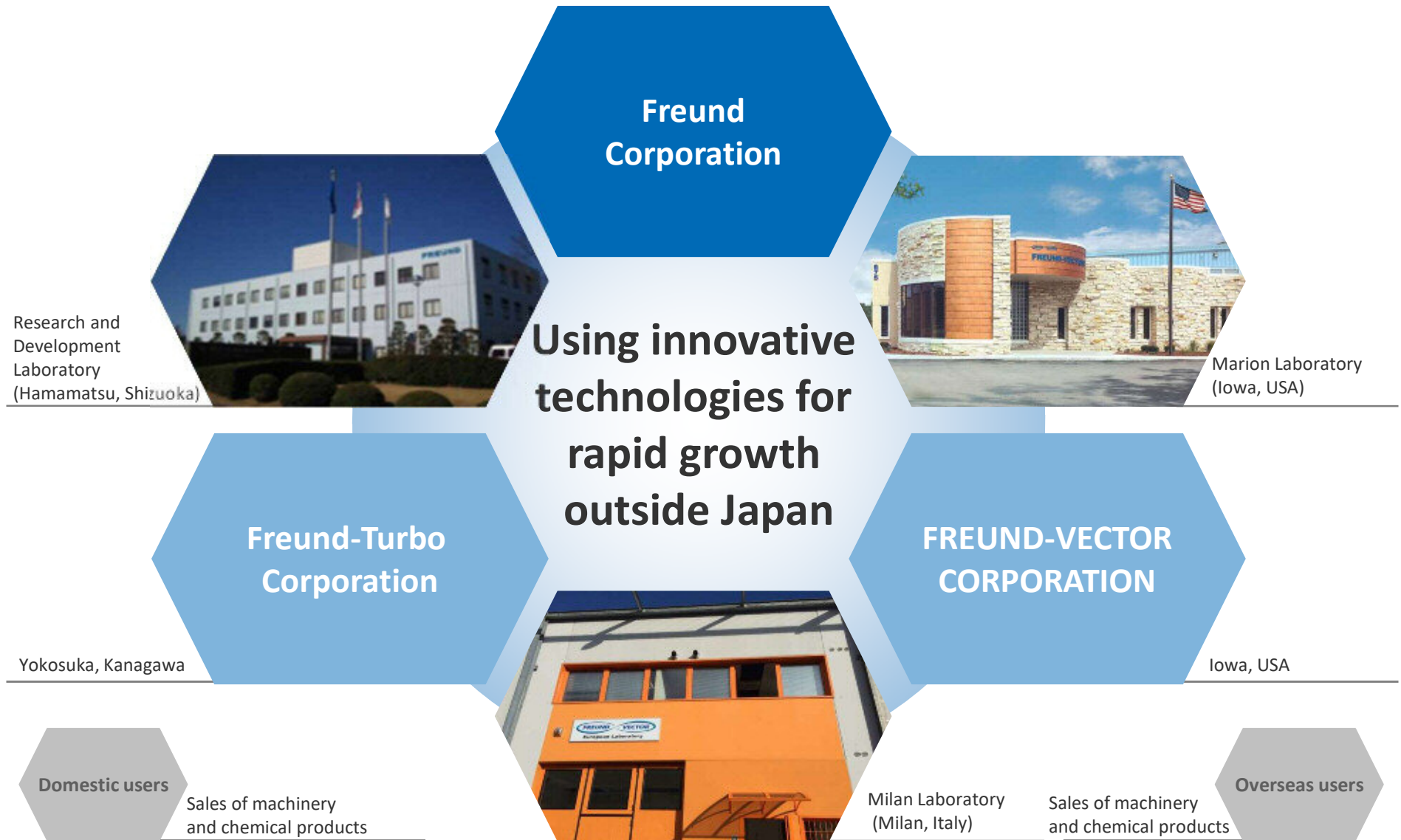
- Company Overview
- Segment Information



Company Overview

● Company name	: Freund Corporation
● Established	: April 1964
● Representative	: Iwao Fusejima, President & CEO
● Location	: 6-25-13 Nishi-shinjuku, Shinjuku-ku, Tokyo, Japan
● Paid-in capital	: 1,035,600,000 yen (As of August 31, 2018)
● Sales	: 19,800 million yen (Fiscal year ended February 2018, consolidated)
● Number of employees	: 415 (As of August 31, 2018, consolidated)
● Business	: Machinery business- Manufacturing and sales of granulation and coating equipment and others Chemicals business- Manufacturing and sales of pharmaceutical excipients, food preservatives, and others
● Group companies	: Freund-Vector Corporation, Freund-Turbo Corporation

The Freund Group and R&D Facilities



Our “Pen” (Machinery) and “Ink” (Chemicals) Business Model

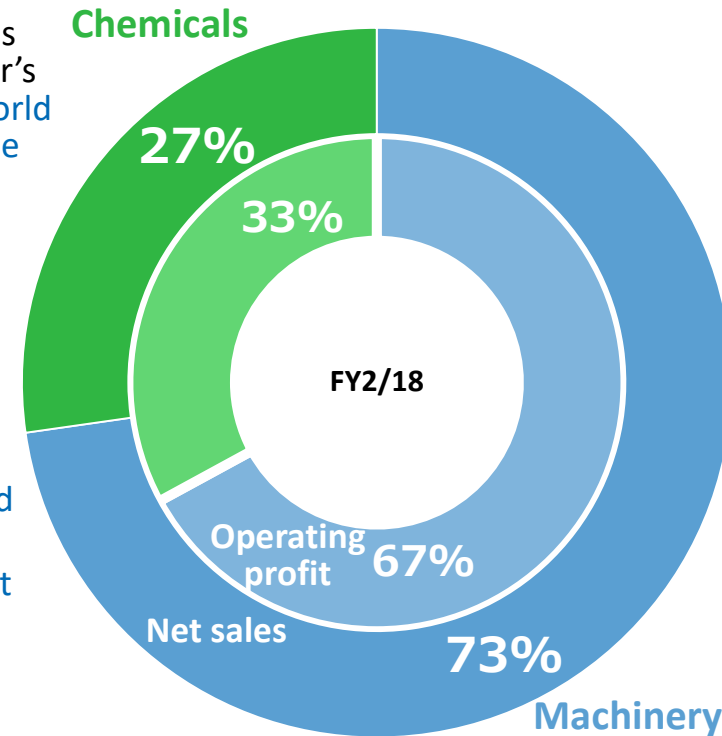
1. Machinery Business Segment Pen

- Manufacturing and sales of **granulation and coating equipment** for the pharmaceutical, food, and fine chemical industries.
- For coating equipment, Freund **ranks first in Japan** and sales growth is accelerating in Asian market and in Freund-Vector’s U.S. and European operations. **No other company in the world has expertise in both drug formulation technologies and the associated machinery.**
- Aiming to increase sales of machinery for industrial applications too by **combining granulating and coating technologies with milling and sieving technologies.**

2. Chemicals Business Segment Ink

- Manufacturing and sales of **pharmaceutical excipients, food preservatives, nutritional supplements, and others.**
- Freund uses **Good Manufacturing Practice (GMP) compliant equipment** to produce pharmaceutical excipients.
- Food preservatives made by Freund help ensure the safety of food by maintaining the quality of many types of products.
- By using its granulating and coating technologies, Freund has worked with customers to develop and commercialize nutritional supplements and seamless mini-capsules.

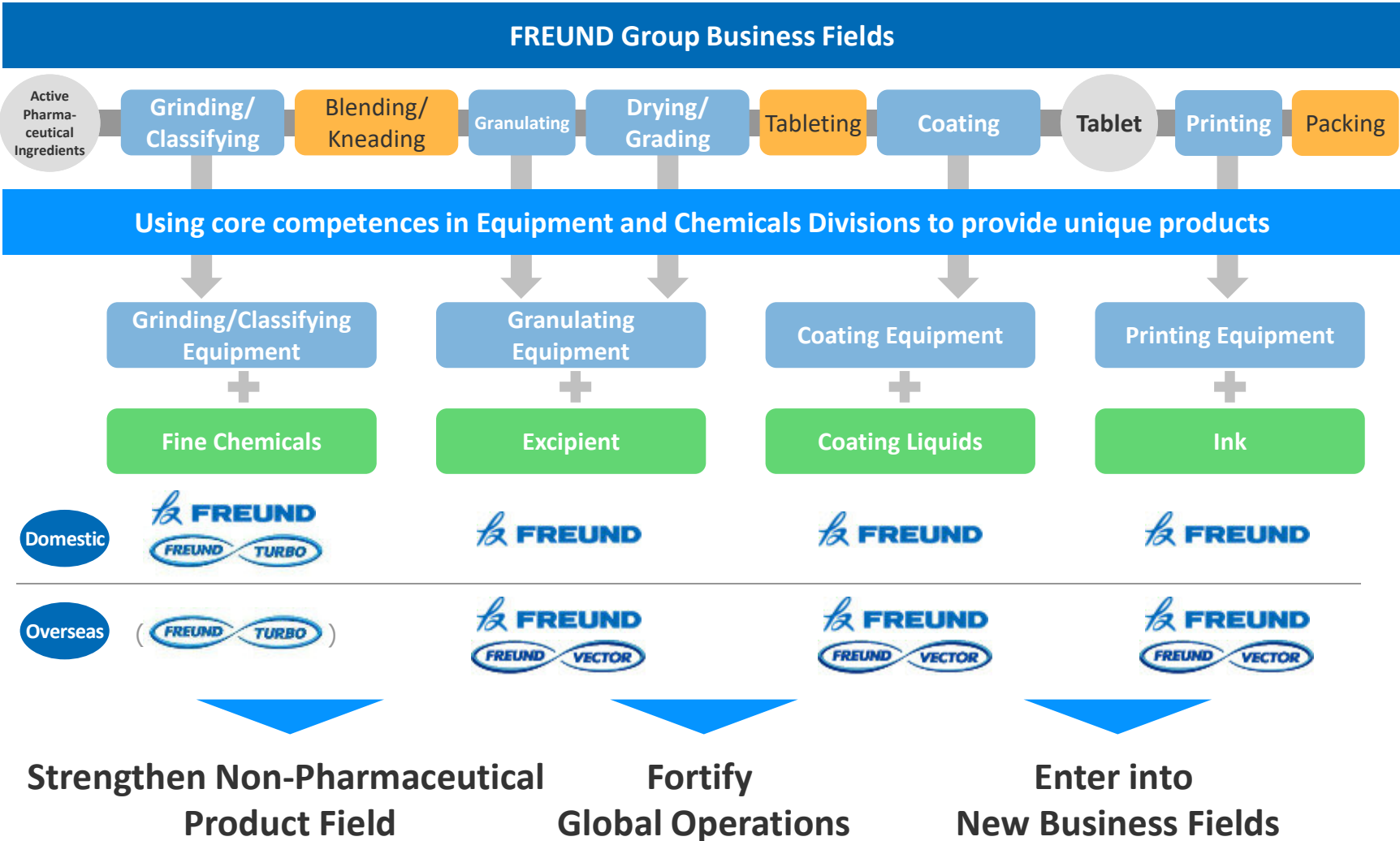
Composition of Net Sales and Profit by Segment



Consolidated sales: ¥19.80 billion
Consolidated operating profit: ¥1.97 billion

Freund Group's Business Fields

- FREUND Group's Business Fields based upon Pharmaceutical Products Manufacturing Processes



Machinery Business: Main Products are Granulating and Coating Equipment for Pharmaceutical Companies

- In the machinery business, pharmaceutical machinery is 85% of sales and industrial machinery is 15%
- Granulating and coating equipment for pharmaceutical companies are the core products; this business also includes tablet printers
- Also aiming to increase sales of industrial machinery



Fluid bed granulation device (FLOW COATER)



Continuous granulating machine (Granuformer®)



Automated tablet coater (HICOATER FZ)



Tablet printer ("TABREX Rev.)



Agitation granulation machine (BALANCE GRAN)

Machinery Business: Effective Use of Group Resources

Manufacturing

A HICOATER machine for customers outside Japan (HICOATER ORIGINAL)



Manufacture



Receipt of orders and sales
(Sales to India and other Asian countries)

Development and Sales

F: Freund Corporation
F-V: Freund-Vector
F.T: Freund-Turbo

	Development	Sales
HICOATER FZ	F	F、F-V
GRANUREX®	F	F、F-V
SPHEREX®	F	F、F-V
Compu 4 (control system)	F-V	F、F-V
FLOW COATER 12 Bar	F-V	F、F-V
Turbo Screener	F・T	F・T、F-V

The FREUND Group Business Portfolio

*1 In business fields, △ indicates fields where the group companies supplies some products.
*2 In internal processes, △ indicates processes where some steps are outsourced.

Business	Company	Business fields*1			Internal processes*2	
		Pharmaceutical products	Non-pharmaceutical products	Development/design	Manufacturing	Test
Machinery	Freund Corporation	○	○	○	—	○
	Freund-Vector	○	△	○	○	○
	Freund-Turbo	△	○	○	○	○
Chemicals	Freund Corporation	○ (Pharmaceutical excipients)		○	△	○
			○ (Functional food materials)	○	○	○
			○ (Food preservatives)	○	△	○

Chemicals Business: A Growing Product Lineup for the Healthcare Sector

- Product lineup includes pharmaceutical excipients, food preservatives, nutritional supplements and other products
- Focusing on increasing sales of pharmaceutical excipients

1. Pharmaceutical excipients

- Direct compression excipients
- Adsorbent/solidified agents/fluidized agents
- White coloring agents
- Lubricant agents
- Luster agents



2. Food preservatives

- Food excipients
- Food quality preserving agents



3. Nutritional supplements/others

- Seamless mini capsule
- AQ shelax® (aqueous liquid)
- Supplements



The Freund Group Disclosure Policy

1. Basic disclosure policy

Freund positions the transparency of management as an important responsibility in order to be a company that can be a trusted member of society. To maintain this transparency, we always disclose information about the company in a manner that is fair and timely from the standpoint of all stakeholders.

2. Standard for disclosure

Freund discloses information in compliance with the Companies Act, Financial Instruments and Exchange Act, and other applicable laws and regulations. Disclosure also complies with the timely disclosure rules of securities exchanges where the company's stock is traded. In addition, Freund discloses information that is not covered by these laws and regulations and exchange rules in cases where the information is believed to be necessary for investment decisions.

3. Disclosure methods

Freund discloses information by using the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange. To ensure the timeliness and fairness of information announced using TDnet, this information is posted promptly on Freund's website. In addition, press releases and other information are promptly posted on Freund's website and made available in other ways to ensure disclosure fairness and speed. Furthermore, information in Japanese is supplied in English as much as possible to make information available to a large number of stakeholders.

4. Prevention of insider trading

For the prevention of insider trading, Freund's internal rules include provisions concerning basic items that must be observed regarding the proper management of internal information, Freund stock transactions and other matters. There are also activities for ensuring that Freund personnel understand insider trading restrictions and for overseeing stock and other transactions.

5. Silent period

To prevent leaks of information about earnings announcements, as well as to comply with laws and regulations and ensure the fairness of these announcements, Freund has a "silent period" that begins on the day following the end of each fiscal year quarter and ends on the day of the earnings announcement for that quarter. Freund will not reply to any questions concerning results of operations during this period. However, in the event of the possibility that results of operations will differ significantly from the forecast, Freund may disclose this information in accordance with timely disclosure rules.

6. Forward-looking statements

Information disclosed by Freund may contain information about the future other than sales and earnings forecasts, such as information about strategies and business plans. This information is based on the decisions of management by using information that was available at that time. As a result, actual performance may differ significantly from forward-looking statements due to changes in the economy and market conditions and other reasons.

(Established on March 27, 2017)

Investor Relations Policy

The Freund Board of Directors approved the following policy for investor relations activities on March 27, 2017.

Policy concerning constructive dialogues with shareholders and other investors

Freund has a strong commitment to conducting constructive dialogues with shareholders and other investors in order to contribute to the company's sustained growth and mid- to long-term growth in corporate value. By providing clear explanations of management policies, business operations and the corporate culture, Freund aims to earn the understanding of shareholders and other investors in order to continue to receive their support as "Freund fans."

- 1. Investor relations framework** – The Corporate Communications Department responsible for investor relations oversees dialogues with shareholders and other investors under the direct supervision of the company's president. In addition, the president is assisted by a director who is in charge of investor relations.
To support these dialogues, Freund departments involved with dialogues cooperate, such as by preparing and checking disclosure materials and, as needed, sharing information, so that information is disclosed with fairness and speed.
- 2. Stakeholder dialogues** – Freund holds information meetings about results of operations and other subjects following the end of the second quarter and fiscal year. Small meetings are held after the first and third quarters. Information provided at these meetings is posted on Freund's website. When a medium or long-term management plan is established, the company provides a clear explanation of strategic goals and business plans. In addition, Freund frequently visits institutional investors to explain its goals and performance. Freund also participates in investor forums held by securities companies, holds information meetings for individual investors, and conducts other activities for stakeholder dialogues.
The FREUND Integrated Report and other IR documents are distributed to shareholders and posted on Freund's website. This publication contains business and financial information as well as about the company's strengths that do not appear in the financial statements. By providing more information about the Freund Group, this publication aims to help the public understand the true corporate value of the group.
- 3. Feedback of shareholder/investor opinions** – Opinions and other statements by shareholders and other investors at dialogues are passed on to the president, directors and others and the information is shared as needed.
- 4. Management of insider information** – There are no shareholder/investor dialogues during each silent period, which begins on the day following the end of each fiscal year quarter and ends on the day of the earnings announcement for that quarter. Freund handles insider information strictly in compliance with internal rules concerning the management of internal information and restrictions on transactions by Freund personnel.

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This presentation contains forward-looking statements involving plans, outlooks, strategies and policies. These statements reflect the judgments of management and assumptions based on information available at the time of this presentation. Actual results of operations may differ from these statements for a number of reasons. Consequently, forecasts and other forward-looking statements are not guarantees about future performance. Although Freund has checked this presentation carefully, there is still a possibility of errors in this information.

Orders Received/Order Backlog in the Machinery Business

October 2018, Freund Corporation
(Millions of yen)

			1Q	2Q	3Q	4Q	Full year	1H	2H		
Orders received	By product field	Pharmaceutical products	FY2/17	3,016	4,199	3,359	3,519	14,093	7,215	6,878	
			FY2/18	3,127	1,843	2,425	2,162	9,557	4,970	4,587	
			FY2/19	1,924	3,591				5,515		
		Industrial products	FY2/17	674	518	478	597	2,266	1,192	1,074	
			FY2/18	497	517	338	604	1,957	1,015	942	
			FY2/19	630	374				1,004		
		Total	FY2/17	3,690	4,717	3,837	4,115	16,359	8,407	7,952	
			FY2/18	3,624	2,361	2,763	2,766	11,514	5,985	5,529	
			FY2/19	2,554	↑ 3,965	← Almost ¥4 billion in a single quarter				↑ 6,519	
	Matters to be noted	Pharmaceutical products in Japan (Total pharmaceutical orders minus Freund-Vector orders)	FY2/17	1,927	2,597	2,656	2,114	9,295	↑ Recovery of ¥6.5 billion during the first half		
			FY2/18	2,045	1,475	1,219	1,004	5,743			
			FY2/19	1,233	↑ 2,092	← Recovered to the ¥2 billion level in a single quarter					
	By region	Japan	FY2/17	2,570	2,892	3,032	2,090	10,584	5,462	5,122	
			FY2/18	1,649	1,712	1,377	1,479	6,218	3,361	2,856	
			FY2/19	1,592	↑ 2,274	← Increased despite low level of orders at Freund-Turbo				3,866	
		Outside Japan	FY2/17	1,120	1,825	804	2,026	5,775	2,945	2,830	
			FY2/18	1,975	649	1,386	1,287	5,296	2,624	2,672	
			FY2/19	962	↑ 1,691	← Large orders at Freund-Vector (in Brazil) were the primary reason for this increase				2,652	
		By company	Freund	FY2/17	2,370	2,989	2,692	2,300	10,351	5,359	4,991
				FY2/18	2,221	1,617	1,241	1,122	6,202	3,839	2,363
				FY2/19	1,323	↑ 2,269				↓ 3,592	
Freund-Vector	FY2/17		1,088	1,602	703	1,404	4,798	2,691	2,107		
	FY2/18		1,082	368	1,206	1,158	3,814	1,450	2,364		
	FY2/19		691	↑ 1,498				↑ 2,189			
Freund-Turbo	FY2/17		231	126	442	411	1,210	357	854		
	FY2/18		321	375	316	486	1,498	696	802		
	FY2/19		540	↓ 198				↑ 737			
Total	FY2/17		3,690	4,717	3,837	4,115	16,359	8,407	7,952		
	FY2/18		3,624	2,361	2,763	2,766	11,514	5,985	5,529		
	FY2/19		2,554	↑ 3,965				↑ 6,519			

			1Q-end	2Q-end	3Q-end	4Q-end	
Order backlog	By product field	Pharmaceutical products	FY2/17	7,242	8,776	8,425	7,742
			FY2/18	8,149	6,605	6,828	5,026
			FY2/19	3,916	↑ 5,353		
		Industrial products	FY2/17	1,077	990	864	820
			FY2/18	896	860	854	797
			FY2/19	1,013	↓ 880		
		Total	FY2/17	8,319	9,766	9,289	8,562
			FY2/18	9,045	7,465	7,682	5,823
			FY2/19	4,929	↑ 6,233	← Recovered to the ¥6 billion level	
	By company	Freund	FY2/17	6,232	6,924	6,556	6,544
			FY2/18	6,390	5,704	5,666	3,999
			FY2/19	2,554	↑ 3,464	← The order backlog increased	
		Freund-Vector	FY2/17	1,783	2,631	2,280	1,509
			FY2/18	2,224	1,179	1,405	1,218
			FY2/19	1,521	↑ 2,147	← The order backlog increased	
Freund-Turbo		FY2/17	304	211	452	509	
		FY2/18	432	582	611	605	
		FY2/19	853	↓ 622	← Decreased but still high		
Total		FY2/17	8,319	9,766	9,289	8,562	
		FY2/18	9,045	7,465	7,682	5,823	
		FY2/19	4,929	↑ 6,233			